Filed for intro on 02/13/2003

SENATE BILL 753
By Norris

AN ACT to amend Tennessee Code Annotated, Title 56 and Title 71, relative to recoupment of payments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 32, Part 2, is amended by adding the following as a new section to be appropriately designated:

Section 56-32-229.

If authorization is given and a medical, surgical or other diagnostic claim is adjudicated by a health maintenance organization, or its agent, to any medical services provider for care to be delivered to a covered beneficiary under any evidence of coverage issued by the health maintenance organization, including those organizations participating in the TennCare program, collectively referred to as "organization", then such organization acting directly or by delegation through an agent acting on behalf of the organization shall not subsequently rescind or modify that authorization or deny the authorized payment to the medical services provider for the authorized service after the provider renders the authorized service in good faith and pursuant to the authorization, except for payments made as a result of the provider's misrepresentation or fraud.

SECTION 2. Tennessee Code Annotated, Title 56, Chapter 7, Part 23, is amended by adding the following as a new section to be appropriately designated:

Section 56-7-2363.

If authorization is given and a provider claim is adjudicated by a health insurer or its agent to any medical services provider for care to be delivered to a covered beneficiary under any individual, franchise, blanket or group health insurance policy, medical service plan corporation contract, hospital service corporation contract, hospital and medical service corporation contract or fraternal benefit society, the health insurer acting directly or by delegation through an agent acting on behalf of the health insurer shall not subsequently rescind or modify that authorization or deny the authorized payment to the medical services provider for the authorized service after the provider renders the authorized service in good faith and pursuant to the authorization, except for payments made as a result of the provider's misrepresentation or fraud.

SECTION 3. The provisions of this act shall not apply to health plans preempted from state regulation by the Employee Retirement Income Security Act of 1974 (ERISA).

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect July 1, 2003, the public welfare requiring it.